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AMENDED IN SENATE MARCH 29, 2006

SENATE BILL

No. 1338

Introduced by Senator Alquist
(Coauthor: Senator Maldonado)

February 17, 2006

An act to add Part 4 (commencing with Section 1000) to Division 1 of the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

SB 1338, as amended, Alquist. California Health Care Infrastructure Authority.

Under existing law, the State Department of Health Services and the California Health and Human Services Agency have various responsibilities relating to the provision of health care.

This bill would require the agency, in consultation with the department and the California Department of Managed Health Care, to establish and operate the ~~California Health Care Infrastructure Authority~~ *health care infrastructure program*, to improve the quality of health care in California, and to reduce the cost of health care through the advancement of health information technology. The bill would require, within one year of establishment, and updated annually thereafter, the ~~authority~~ *agency* to develop and deliver to the Legislature a plan regarding the opportunity for every resident of the

state to have an electronic health care record, and would specify the required contents of the plan. Implementation of the plan would be contingent upon enactment of subsequent statutory authorization. The bill would set forth the other responsibilities of the ~~authority~~ agency, including, among others, conducting research, implementing pilot projects as necessary, and pursuing a waiver to enable the Medi-Cal program to participate in the statewide information technology infrastructure under the bill.

This bill would authorize the ~~authority~~ agency to receive various forms of funding *to be used, upon appropriation by the Legislature*, for purposes of the bill. It would require the authority to submit an annual report of its activities to the Governor and the Legislature.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares as follows:
- 2 (a) Health care cost inflation, coupled with an aging California
- 3 population, is projected to create potentially unsustainable
- 4 deficits.
- 5 (b) Employers, governments, and individuals face similar
- 6 financial pressures as health care costs continue to increase faster
- 7 than incomes.
- 8 (c) California has a large uninsured population and
- 9 opportunities to improve the efficiency and quality of care for the
- 10 underserved.
- 11 (d) Health care providers are poorly equipped, for the most
- 12 part, for the growing crisis. Most health care providers lack the
- 13 information *technology and* systems necessary to keep pace with
- 14 an increasing body of medical knowledge and patient care data.
- 15 (e) Information *technology and* systems to help health care
- 16 providers deal with issues associated with coordinating care
- 17 across medical and social models, as well as with other
- 18 providers, are underutilized.
- 19 (f) Information *technology and* systems designed to assist with
- 20 compliance of health directives with disease prevention and
- 21 management guidelines are underutilized.

(g) ~~Information systems to~~ *technology and systems could* assist with measuring and improving health care performance—~~are poorly utilized and patient outcomes.~~

(h) ~~Information~~ *Well connected information technology and* systems could assist in rapidly detecting and responding to bioterrorism and pandemics.

(i) Use of electronic—~~medical~~ *health* records could save as much as eight billion dollars annually in California through improvements in health care delivery efficiency. Health information technology-enabled improvements in disease prevention and management could more than double those savings, while lowering age-adjusted mortality by as much as 18 percent and reducing annual employee sick days.

(j) There is a need to create technician training programs in the community college system to meet the need for a trained health information technology workforce.

SEC. 2. Part 4 (commencing with Section 1000) is added to Division 1 of the Health and Safety Code, to read:

PART 4. HEALTH CARE INFRASTRUCTURE-AUTHORITY
PROGRAM

1000. For purposes of this part, the following terms shall apply:

(a) “Electronic health record” means a secure, real-time, point-of-care, patient-specific information resource that assists a health care provider in making a decision by providing access to the patient’s health information, *including a personal health record*, when needed and that incorporates evidence-based decision support.

(b) “Personal health record” means an electronic—~~application that enables an individual to access, manage, and share his or her health information and, with authorization, the health information of others in a private, secure, and confidential environment,~~ *universally interoperable, resource of health information based upon an individual patient’s health history that is available to the patient throughout his or her life and is needed by an individual to make informed health decisions. The personal health record is stored and maintained in a secure, private environment and only the individual patient may determine rights of access to the*

1 *record. The personal health record is separate from, and does*
2 *not replace, the records of a provider.*

3 1001. (a) The California Health and Human Services
4 Agency, in consultation with the department, *statewide*
5 *healthcare information organizations, health care providers and*
6 *industry*, and the California Department of Managed Health
7 Care, shall establish and operate ~~the California Health Care~~
8 ~~Infrastructure Authority, as provided~~ *California health care*
9 *infrastructure program, as provided* in this part. The purposes of
10 the ~~authority program~~ are to improve the quality of health care in
11 California and to reduce the cost of health care through the
12 advancement of health information technology.

13 (b) Within one year of establishment, and updated annually
14 thereafter, the ~~authority~~ *California Health and Human Services*
15 *Agency* shall develop and deliver to the ~~Legislature~~ a *strategie*
16 *plan* comprised of goals and timelines for the achievement of the
17 following by the year 2014:

18 (1) ~~The initiation by hospitals, clinics, and private practices in~~
19 ~~this state of electronic health records for their patients.~~

20 (2) ~~The creation of the opportunity for every state resident to~~
21 ~~have a portable electronic health record that will include~~
22 ~~significant medical conditions important to health care providers.~~

23 (3) ~~The creation of the opportunity for every state resident to~~
24 ~~have a portable personal health record that will include~~
25 ~~significant medical information important to the individual.~~

26 (4) ~~The availability of electronic health records of state~~
27 ~~residents to health care providers at any time, while ensuring~~
28 ~~patient privacy and the security of the information in~~
29 ~~conformance with applicable laws and regulations.~~

30 ~~—(e) The plan developed by the authority shall include the~~
31 ~~Legislature a strategic plan, which shall include the~~
32 ~~establishment of incentives and standards that foster the creation~~
33 ~~adoption and use of electronic health records by health care~~
34 ~~providers and consumers in the state, and the integration of~~
35 ~~personal health records for all residents of the state by California~~
36 ~~health care providers in order to improve health care quality,~~
37 ~~safety, and efficiency, and to reduce health care costs.~~

38 (d) ~~The plan shall include a deadline of January 1, 2008, for~~
39 ~~the state to initiate all of the following:~~

1 (c) *The plan shall establish a process for the state to achieve*
2 *all of the following:*

3 (1) The adoption of standards to work in concert with federal
4 health care initiatives.

5 (2) ~~The creation use of electronic health records and personal~~
6 ~~health records, as well as interoperability and privacy standards,~~
7 *health records*, which shall be consistent with applicable federal
8 law.

9 (3) The identification of incentives that encourage the adoption
10 and use of personal health records and electronic health records.
11 ~~The authority may consider all of the following:~~

12 ~~(A) A study of new reimbursement strategies, including~~
13 ~~Medi-Cal reimbursement.~~

14 ~~(B) Pay for performance strategies.~~

15 ~~(C) Linking standards of compliance to licensure.~~

16 ~~(D) Tax incentives.~~ *records, including a study of alternative*
17 *Medi-Cal reimbursement strategies, pay-for-performance*
18 *strategies, and tax incentives.*

19 (4) Aligned educational and training programs ~~in the~~
20 ~~community college system~~ to produce sufficient and adequately
21 trained health information technology technicians, *and other*
22 *workers.*

23 (5) *An inventory of state health information technology*
24 *resources and their potential role in the overall health*
25 *information infrastructure.*

26 (d) *Before requiring hospitals and health care systems to make*
27 *changes necessary to comply with the requirements of an*
28 *electronic health record system, the plan shall ensure that*
29 *resources are available for health care providers to comply with*
30 *the requirement.*

31 (e) The implementation of any plan pursuant to this section
32 shall be contingent upon the enactment of subsequent statutory
33 authorization.

34 1002. Responsibilities of the ~~authority~~ *California Health and*
35 *Human Services Agency in regard to the California health care*
36 *infrastructure program* shall include, but shall not be limited to,
37 all of the following:

38 (a) Providing leadership in the redesign of health care delivery
39 systems, using information technology to *help* ensure that every

1 state resident receives care that is safe, effective,
2 patient-centered, timely, efficient, and equitable.

3 (b) Serving as a forum for the exchange of ideas and
4 consensus-building regarding the advancement of health
5 information infrastructure and health care applications.

6 (c) Conducting research to identify innovative health care
7 applications, using information technology and systems to
8 improve patient care and reduce the cost of care, including
9 applications to support disease management and evidence-based
10 medicine, evidence-based care, and personal health
11 management.

12 (d) ~~If necessary~~ Upon subsequent statutory authorization,
13 implementing pilot projects to determine the impact of various
14 health care applications using information technology and
15 systems on the quality of patient care and the cost of health care.

16 (e) Facilitating the adoption of ~~technology~~ health information
17 technology and systems.

18 (f) Facilitating the integration of the health information
19 infrastructure with other information infrastructure development,
20 to work in concert with ~~federal~~ other initiatives and privacy
21 standards.

22 (g) Recommending policies and standards to ensure that the
23 security and confidentiality of health information are consistent
24 with applicable federal law.

25 (h) ~~Ensuring that standards for software and communication~~
26 ~~between networks in the state are consistent with federal~~
27 ~~initiatives that facilitate convenient and cost-effective access to~~
28 ~~the electronic medical record by authorizing access for health~~
29 ~~care providers and the corresponding patients, with common~~
30 ~~interface independent of the various underlying interoperating~~
31 ~~patient data systems.~~

32 (i)

33 (h) Pursuing a waiver through the department to enable the
34 Medi-Cal program to pay its share of investments in statewide
35 information technology infrastructure, provide financial
36 incentives to providers who use health information technology,
37 and add telemedicine as a covered service.

38 (j)

1 (i) Identifying strategies to accelerate adoption and use of
2 standards-based electronic health records and value-based pay for
3 performance.

4 ~~(k)~~

5 (j) Facilitating the coordination of appropriate state agencies
6 and departments with regional health information exchange
7 network and monitoring systems to assess adoption patterns and
8 needs.

9 ~~(l)~~

10 (k) Decreasing the risks of health information technology
11 adoption and networking.

12 ~~(m)~~

13 (l) Coordinating with private sector initiatives that are
14 consistent with the purposes of the authority.

15 ~~(n)~~

16 (m) Consulting with consumer privacy organizations to ensure
17 that consumers' private information is protected.

18 ~~(o)~~

19 (n) Assessing the availability of trained health information
20 technicians and, if necessary, supporting the expansion of
21 appropriate training opportunities in ~~community colleges~~
22 *educational systems*.

23 ~~(p) Prior to mandating hospitals and health care systems to~~
24 ~~make changes necessary to comply with requirements inherent in~~
25 ~~an electronic health record system, ensuring that resources are~~
26 ~~available for hospitals and health care systems to comply with~~
27 ~~this mandate.~~

28 1003. The ~~authority~~ *agency* may receive federal funds, gifts,
29 grants, revolving funds, ~~fees-for-service~~, and any other public or
30 private funds ~~for which, upon appropriation by the Legislature,~~
31 *may be used for the* purposes of implementing this part.

32 SEC. 3. The expenditures for implementation of Part 4
33 (commencing with Section 1000) of Division 1 of the Health and
34 Safety Code, as contained in Section 2 of this act, from January
35 1, 2007, to December 31, 2007, shall not exceed three hundred
36 and fifty thousand dollars (\$350,000).